

SECOND REGULAR SESSION

HOUSE BILL NO. 1278

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES GAMBARO, HANAWAY, SCOTT, GREEN (73), LIESE,
BARRY, VILLA, BOUCHER AND NAEGER (Co-sponsors).

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TED WEDEL, Chief Clerk

2971L.011

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to a tax credit for scholarship charity contributions.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be
2 known as section 135.344, to read as follows:

135.344. 1. As used in this section, the following terms shall mean:

2 (1) "Contribution", a donation of cash, stock, bonds, or other marketable
3 securities;

4 (2) "Director", the director of the department of economic development;

5 (3) "Scholarship charity", a charitable organization in this state that is exempt
6 from federal taxation pursuant to section 501(c)(3) of the Internal Revenue Code, as
7 amended, and that allocates at least ninety percent of its annual revenue for educational
8 scholarships to children to allow them to attend a qualified school. For purposes of this
9 section, the phrase "qualified school" means any elementary or secondary school of a
10 child's parents' choice which is situated in this state and does not discriminate on the basis
11 of race, color, handicap, national origin, or ancestry which a child may attend to meet the
12 requirements of section 167.031, RSMo. To qualify as a scholarship charity the charitable
13 organization shall provide educational scholarships to students without limiting
14 availability to students attending a particular school and shall give preference to students
15 of families who demonstrate financial need;

16 (4) "State tax liability", in the case of a business taxpayer, any liability incurred by
17 such taxpayer pursuant to the provisions of chapter 143, RSMo, chapter 147, RSMo,
18 chapter 148, RSMo, and chapter 153, RSMo, exclusive of the provisions relating to the

19 withholding of tax as provided for in sections 143.191 to 143.265, RSMo, and related
20 provisions, and in the case of an individual taxpayer, any liability incurred by such
21 taxpayer pursuant to the provisions of chapter 143, RSMo, exclusive of the provisions
22 relating to the withholding of tax as provided for in sections 143.191 to 143.265, RSMo;

23 (5) "Taxpayer", a person, firm, a partner in a firm, corporation or shareholder in
24 an S corporation doing business in the state of Missouri and subject to the state income tax
25 imposed by the provisions of chapter 143, RSMo, or a corporation subject to the annual
26 corporation franchise tax imposed by the provisions of chapter 147, RSMo, or an insurance
27 company paying an annual tax on its gross premium receipts in this state, or other
28 financial institution paying taxes to the state of Missouri or any political subdivision of this
29 state pursuant to the provisions of chapter 148, RSMo, or an express company which pays
30 an annual tax on its gross receipts in this state pursuant to chapter 153, RSMo, or an
31 individual subject to the state income tax imposed by the provisions of chapter 143, RSMo.

32 2. In order to promote economic development through the expansion of educational
33 opportunities, for all taxable years beginning on or after January 1, 2003, a taxpayer shall
34 be allowed to claim a tax credit against the taxpayer's state tax liability, in an amount equal
35 to fifty percent of the amount such taxpayer contributed to a scholarship charity.
36 However, the tax credit shall not be allowed if the taxpayer designates the taxpayer's
37 donation for the direct benefit of any dependent of the taxpayer.

38 3. The amount of the tax credit claimed shall not exceed the amount of the
39 taxpayer's state tax liability for the taxable year that the credit is claimed, and such
40 taxpayer shall not be allowed to claim a tax credit in excess of fifty thousand dollars per
41 taxable year. However, any amount of credit that cannot be claimed in the taxable year
42 the contribution was made may be carried over to the next four succeeding taxable years
43 until the full credit has been claimed.

44 4. Except for any excess credit which is carried over pursuant to subsection 3 of this
45 section, a taxpayer shall not be allowed to claim a tax credit unless the total amount of such
46 taxpayer's contribution to a scholarship charity in such taxpayer's taxable year has a value
47 of at least one hundred dollars.

48 5. The director shall determine, at least annually, which charities in this state may
49 be classified as scholarship charities. The director may require a charity seeking to be
50 classified as a scholarship charity to provide whatever information is reasonably necessary
51 to make such a determination. The director shall classify a charity as a scholarship charity
52 if such charity meets the definition set forth in subdivision (3) of subsection 1 of this
53 section.

54 6. The director shall establish a procedure by which a taxpayer can determine if

55 a charity has been classified as a scholarship charity, and by which such taxpayer can then
56 contribute to such scholarship charity and claim a tax credit. The cumulative amount of
57 tax credits which may be claimed by all the taxpayers contributing to scholarship charities
58 in any one fiscal year shall not exceed two million dollars.

59 7. The director shall establish a procedure by which, from the beginning of the
60 fiscal year until some point in time later in the fiscal year to be determined by the director,
61 the cumulative amount of tax credits are equally apportioned among all charities classified
62 as scholarship charities. If a scholarship charity fails to use all, or some percentage to be
63 determined by the director, of its apportioned tax credits during this predetermined period
64 of time, the director may reapportion these unused tax credits to those scholarship charities
65 that have used all, or some percentage to be determined by the director, of their
66 apportioned tax credits during this predetermined period of time. The director may
67 establish more than one period of time and reapportion more than once during each fiscal
68 year. To the maximum extent possible, the director shall establish the procedure described
69 in this subsection in such a manner as to ensure that taxpayers can claim all the tax credits
70 possible up to the cumulative amount of tax credits available for the fiscal year.